

NOTES/FEEDBACK ON DRAFT RECOMMENDATIONS

Differences in Expense Profiles, Traditional Districts and Charter Public Schools

1. Through the Uniform Chart of Accounts, Rhode Island has significantly more high quality data on the differences in expense profiles between traditional districts and public charter schools than was available when the formula was first enacted.
2. There are verifiable differences in expense profiles between traditional districts and public charter schools. These differences are not the result of bad behavior and most are due to differences in statutory or regulatory obligations.
3. Any change to the funding formula relating to these differences must be limited to clear and evident groups of expenses that are the result of differences in statute/regulation or overwhelming differences in practice. The categories first identified by the House Study Commission and later presented by RIDE staff should be considered for adjustment.
4. Based on FY 14 data, traditional districts have more expenses than public charter schools (based on the expenditure areas presented by RIDE staff).

This recommendation is problematic because

- a) It leaves out the average of \$1192 per pupil that charter schools spent in FY 14 on capital projects. This is a real expense that RIDE has acknowledged is unique to the charter public schools under the funding formula.
 - b) It leaves out any consideration of charter schools' higher transportation costs. Because charters tend to have larger geographical catchment areas (most are statewide) and smaller enrollments, their per-pupil transportation costs in FY 14 were greater than the average district transportation cost by \$120 per pupil.
 - c) If all of the charter schools' unique expenses (debt service, rent, capital projects, transportation) are included in a fair comparison of "clear and evident groups of expenses that are the result of differences in statute/regulation or overwhelming differences in practice," charter schools expenses actually surpassed district expenses by approximately \$955 per pupil in FY 14.
5. Funding formula adjustments that account for this difference in expenses need to be balanced: it cannot consider expenses on only the side of the charters or traditional districts.

Again, a fair and comprehensive comparison of "clear and evident groups of expenses that are the result of differences in statute/regulation or overwhelming differences in practice" between district public schools and charter public schools reveals that charter public schools have more expenses than district public schools. (In FY 14, unique charter expenses totaled \$2,250 per pupil, and the unique district expenses totaled \$1,295 per pupil.)

6. Expenditure data is dynamic. It will change a little from year to year and within those changes, new trends may emerge. Adjustments should be subject to regular review and recalculation.